



WHAT'S
NEXT ▶▶
ONTARIO?



Imagining a prosperous future
for our communities



The Process



Phase 1, Spring 2015: Define Problem



Phase 2, Fall 2015 to Winter 2017: Determine Options



Phase 3, Spring and Summer 2017: Present Action Plan

Principles

1. Strategic and forward-looking
2. Flexible
3. Accountable
4. Transparent
5. Good public and fiscal policy
6. Fair and Equitable
7. Sustainable

The Problem Statement

To deliver existing services and close the infrastructure gap, every year for the next ten years, municipalities will need an extra

\$4.9 billion.

The Problem Statement

- This \$4.9 billion annual need is on top of inflationary increases to property taxes and user fees.
- It also assumes all existing federal and provincial commitments are fulfilled (cost share programs and infrastructure).

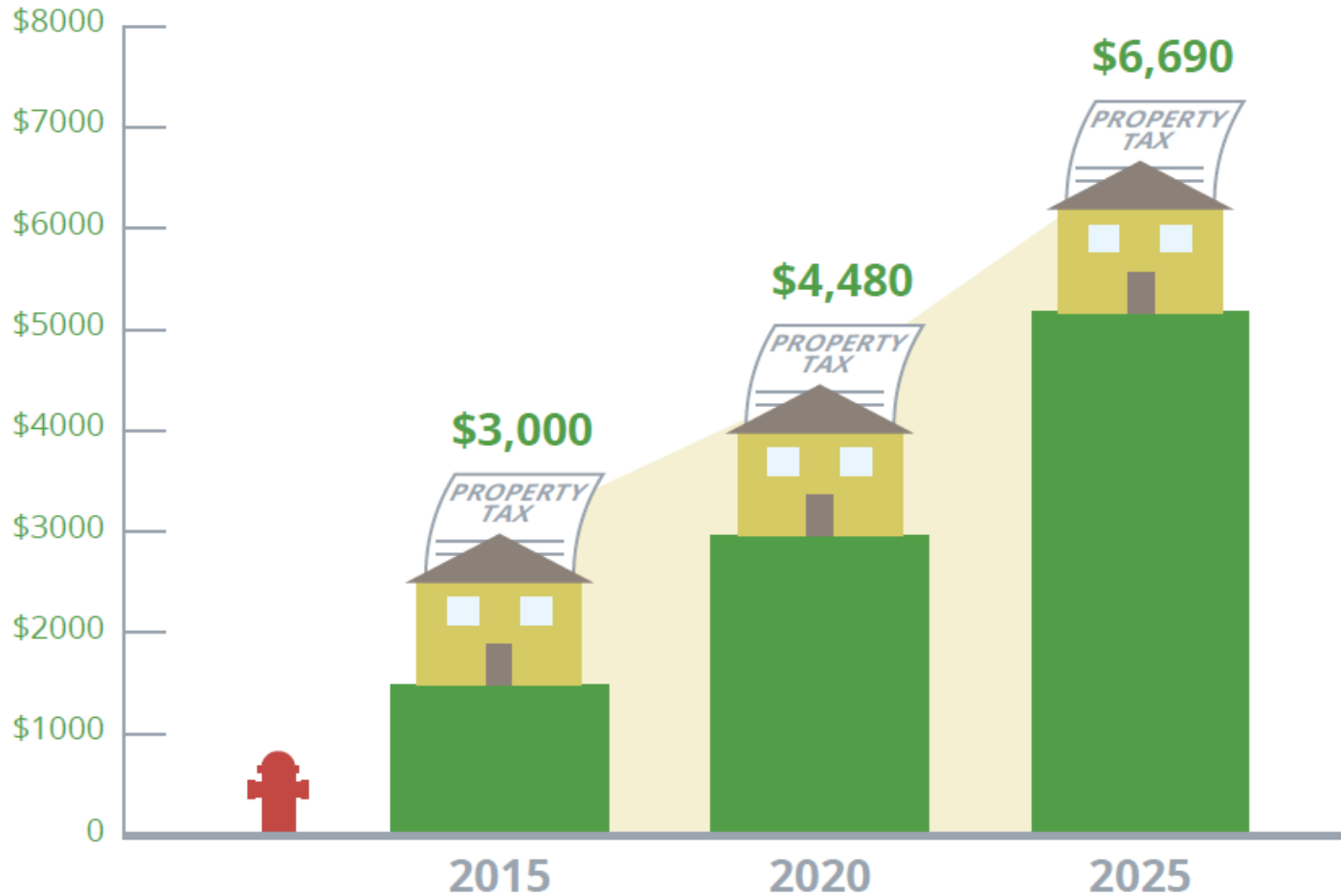
Criteria Scoring Chart for Some of the 44 Options

Option	Estimated Revenue	Sufficiency	Public Accountability	Impacts: Geographic	Impacts: Economic
1% HST Increase	\$2.5B	High	Yes	No	Some
Municipal Fuel Tax Based on 1-10 cent charge per litre of fuel (gas, diesel, oil, propane)	\$200M - \$2B	High	Yes	Yes	Some
Income Tax	\$1.4 - \$2.9B	High	No	No	Yes
Land Transfer Tax* Based on charging 50% or 100% of the provincial land tax rates currently in place	\$480M - \$1.3B	Moderate	Yes	Yes	Yes
Vehicle Registration Fee* Based a new \$50 or \$100 flat fee per registration	\$409-\$819M	Limited	Yes	Yes	Some
Alcoholic Beverages Tax* 5% tax – in addition to HST	\$375M	Limited	Yes	Yes	Some

The Action Plan Proposal

- A 1% municipal sales tax would:
1. help fund critical local services like roads, bridges and transit,
 2. help reduce the upward pressure on property tax bills, and
 3. diversify how we fund local communities.

The Property Tax Alternative



The Provincial Alternative

- The 2017 Provincial Budget shows **total debt of \$341 billion** for 2017-18.
- The Provincial Financial Accountability Officer projects a steady deterioration in the budget deficit going forward.
- Against this backdrop, what is the likelihood in getting more financial assistance from the province?

The Local Share – the basics

- Increase the provincial portion of the sales tax by 1% province-wide.
- After rebates for Low Income Ontarians and administration costs, this produces an estimated \$2.5 billion annually.
- These dollars would be collected provincially and redistributed to all municipalities based on an allocation formula.



Why the Local Share?

1. Diversify municipal revenues, close the infrastructure gap, provide for local needs.
2. Less municipal vulnerability to federal and provincial policy change.
3. More predictable long-term infrastructure planning and financing at the local level.
4. More progressive - reduces upward pressure on property tax rates.



Allocation Approach

- Sliding scale per household. Starting point is the distribution of \$2.5 billion to 444 municipalities.
- In two tier situations, per household allocation divided between tiers. The share of upper tier own source revenue is used as a proxy for service responsibilities.
- For example, if County X had 45% of the revenues for all municipalities in that county, it would get a 45% share of the new revenues.



Illustrative Sliding Scale Allocation

Households		Rate per Household
<u>Lower Range</u>	<u>Upper Range</u>	
0	499	573
500	4,999	523
5,000	12,499	483
12,500	24,999	453
25,000	49,999	433
50,000+		423



Illustrative Allocation for York Region and each lower tier:

- York Region \$82,811,205
- Aurora \$4,231,578
- East Gwillimbury \$2,174,943
- Georgina \$4,345,932
- King \$1,741,529
- Markham \$21,598,201
- Newmarket \$6,512,791
- Richmond Hill \$13,679,426
- Vaughan \$19,891,351
- Whitchurch - Stouffville \$3,662,663



What we're asking

1. Focus on the concept: try on the idea, see how it fits.
2. Consider how the Local Share aligns with local needs, municipal staff can help provide local context (eg. asset mgmt. plans).
3. If you have questions, please ask.
4. Council resolutions or letters welcome, provide your feedback to AMO.





Reports and Allocation: www.amo.on.ca/localshare

Questions and Feedback: localshare@amo.on.ca